

ASX Announcement

Quarterly Activities Report – December 2021

Dynamic Group Holdings Limited ('Group' or the 'Company') (ASX: DDB) is pleased to provide the following report on its activities during Q2 FY22.

Key Activities and Highlights

- Strong First Half FY22 financial performance¹
- 39 drill rigs in the fleet and 240+ personnel servicing 21 active projects
- 4 x additional drill rigs acquired during Q2 FY22
- Global Lithium Resources Limited (ASX:GL1) selects Orlando to carry out a 60,000m Reverse Circulation ("RC") drilling program
- The Group has demonstrated significant resilience with the difficulties imposed by the COVID-19 pandemic

Snapshot – As at 31 December 2021

Share price (ASX: DDB)	A\$0.41	Revenue for Half Year FY22 ¹	A\$34.7m
Shares ²	114,873,844	EBITDA for Half Year FY22 ¹	A\$8.2m
Market Cap ²	A\$47.1	Revenue for the Quarter ¹	A\$16.5m
Cash at end of the Quarter ¹	A\$10.0m	EBITDA for the Quarter ¹	A\$3.5m

Operations

Dynamic Drill & Blast Pty Ltd (Drill and Blast)

Drill and blast operations continue at Allkem Limited's Mt Cattlin Lithium Spodumene project and AngloGold Ashtanti Limited's Golden Delicious project in the Goldfields region of West Australia. Multiple short-term projects have also been undertaken during the quarter with overall utilisation of equipment remaining very high. Q2 FY22 generates a lower conversion of earnings from revenue when compared with Q1 FY22, primarily due to the investment and preparation new equipment, as well as opportune repairs and maintenance undertaken during the Christmas period on the existing fleet to ensure strong performance during the remainder of FY22, on both new and existing projects.

Drill and Blast business unit acquired 3 additional drill rigs, including 1 new Epiroc D65, 1 used Epiroc T45 and 1 used Epiroc F9C to meet on-going demand.

For personal use only

ASX Announcement

Orlando Drilling Pty Ltd (Orlando)

Global Lithium Resources Limited (“ASX:GL1” or “Global Lithium”) selected Orlando to carry out their planned RC drilling program in the first quarter of 2022 at their Marble Bar Lithium Project. Global Lithium’s drilling program is planned to comprise of approximately 60,000m of RC drilling.

In addition, Orlando have entered into a number of smaller contracts with ongoing exploration projects located in the Pilbara, Murchison and Gold Field regions for the purposes of exploration of the mineral resource reserves of gold, lithium, nickel, and copper. Overall utilisation of equipment remains very high. Orlando acquired an additional Schramm T685 drill rig and support equipment to sustainably meet demand into 2022.

The Company continue contract discussions which are at various stages with multiple parties and both business units are experiencing a sustained and strong level of enquiry resulting in a significant pipeline of opportunities for short, medium and long-term projects.

Both business units have shown significant resilience with the difficulties imposed by the COVID-19 pandemic, which has seen access to personnel and equipment made difficult and has managed to continue with minimal disruption to operations. The Company continues to monitor and adhere to government directions and customer requirements.

Labour pressures and supply chain constraints are persistent across both business units. The Company has a strong and well experienced management team with the capability to adapt and work in partnership with its customers to ensure security of supply and a positive operational and commercial outcome.

Corporate

Financial Summary

The Group is in a strong financial position with cash and cash equivalents of A\$10.0 million and trade receivables of A\$10.3 million.

Cash inflows from operating activities for the quarter was A\$18.9 million, due mainly to receipts from customers.

Cash outflows from operating activities for the quarter was approximately A\$15.1 million representing payment of employment and operating costs.

Cash outflows from investing activities \$6.9 million, due to acquisition of additional Property, Plant & Equipment.

The Company made operating activity payments of A\$294,850 to related parties and their associates. These payments relate to the remuneration agreements for the Managing Director, Executive Directors, Non-Executive Directors and key management personnel.

Pursuant to ASX listing rule 4.7C.2, the Company advises the proposed use of funds contained in section 1.7 of The Company’s Prospectus in comparison to the actual use of funds following admission of The Company to the official list of the ASX:

ASX Announcement

Use of Funds	Prospectus Amount	Actual to Date
Cost of the Offers	A\$482,000	A\$438,000
Purchase of additional plant and equipment	A\$2,833,000	A\$1,616,207
Repayment of Debt	A\$500,000	A\$500,000
Working Capital/Corporate overheads	A\$1,958,000	A\$1,424,317
Total	A\$5,773,000	A\$3,978,524

The Company confirms that it expects to utilise the funds raised under its Prospectus in accordance with the use of funds statement and the key business objectives underlying the expected use of funds remain intact.

-ENDS-

This announcement has been authorised by the Board of Dynamic Drill & Blast Holdings Limited.

Company Secretary
James Bahen
Dynamic Drill and Blast Holdings Ltd
info@dynamicdrillandblast.com.au
+61 8 6555 2950

Investor and Media Enquiries:
Cameron Gilenko / Michael Weir
Citadel-MAGNUS
+61 466 984 953 / +61 0402 347 032

About Dynamic Group Holdings Limited

Dynamic Group Holdings Limited (the "Company") is a supplier of various specialised drilling services as well as blasting services to clients in the mining and construction sectors in Western Australia. The Company operates under two entities, Dynamic Drill & Blast Pty Ltd and Orlando Drilling Pty Ltd.

The Company's significant project pipeline is based around medium to long term contracts and has a highly experienced executive management team focused on quality service provision, employee safety and providing solutions

The Company is committed to business and quality management systems that provides the framework for its personnel to achieve its customer's measurable objectives, while using continual improvement initiatives to strive for best practice performance.

Since incorporation, the Company has developed comprehensive policies, procedures and processes that aid the safe, effective and efficient provision of services.

Dynamic Drill & Blast ("Dynamic") is a supplier of drilling and blasting services to clients in the mining and construction sectors in Western Australia. Dynamic focuses on mining and construction projects within a range of commodity sectors, including iron ore, lithium and gold. Dynamic also undertakes short term specialised drilling and blasting projects.

Orlando Drilling Pty Ltd (Orlando) is a wholly owned subsidiary of the Company. Orlando is a Western Australian based company providing grade control, exploration and resource definition drilling services to the mining industry since 2007, utilising its fleet of AC, RC and diamond drill rigs and experienced personnel.

Forward-Looking Statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Dynamic Group Holdings Limited's planned work and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may", "potential", "should," and similar expressions are forward-looking statements. Although Dynamic Group Holdings Limited believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual work will be consistent with these forward-looking statements.

For personal use only

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

DYNAMIC GROUP HOLDINGS LIMITED

ABN

49 640 888 213

Quarter ended ("current quarter")

31 DECEMBER 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	18,618	39,646
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(7,552)	(17,767)
(c) advertising and marketing	(52)	(77)
(d) leased assets	(210)	(421)
(e) staff costs	(6,888)	(13,375)
(f) administration and corporate costs	(218)	(478)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(151)	(297)
1.6 Income taxes paid	(83)	(117)
1.7 Government grants and tax incentives	253	506
1.8 Other (provide details if material)	7	7
1.9 Net cash from / (used in) operating activities	3,724	7,627
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	(4,842)
(b) businesses	-	-
(c) property, plant and equipment	(6,890)	(10,088)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

For personal use only

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	2	2
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(6,888)	(14,928)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	3,770
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(503)
3.5	Proceeds from borrowings	5,054	7,173
3.6	Repayment of borrowings	(1,583)	(3,391)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(11)	(24)
3.10	Net cash from / (used in) financing activities	3,460	7,025

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	9,735	10,307
4.2	Net cash from / (used in) operating activities (item 1.9 above)	3,724	7,627
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(6,888)	(14,928)

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,460	7,025
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	10,031	10,031

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	9,550	9,254
5.2	Call deposits	481	481
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	10,031	9,735

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	295
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	17,631	15,832
7.2 Credit standby arrangements	5,500	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	23,131	15,832
7.5 Unused financing facilities available at quarter end		7,299
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<p>The loan facility of \$17.63m relates equipment finance on various terms and rates, ranging from 3.19% to 6% and up to 60-month maturity, this includes an overall asset finance facility limit with Commonwealth Bank of Australia of \$10m as well as an overall asset finance facility with National Australia Bank of \$5m. Additional drawdown on these facilities subject to certain conditions.</p> <p>The Credit standby arrangement refers to a trade finance facilities with both Commonwealth Bank of Australia and National Australia Bank.</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	3,724
8.2 Cash and cash equivalents at quarter end (item 4.6)	10,031
8.3 Unused finance facilities available at quarter end (item 7.5)	7,299
8.4 Total available funding (item 8.2 + item 8.3)	17,330
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	

For personal use only

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date:31 January 2022.....

Authorised by:By the Board of Directors.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.